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HHS ANNOUNCES IMMEDIATE STEPS TO MAKE MEDICARE-APPROVED DRUG DISCOUNT CARD PROGRAMS AVAILABLE NEXT SPRING

HHS Secretary Tommy G. Thompson today announced an interim final regulation for the Medicare Prescription Drug Discount Card Program, designed to help people who are covered by Medicare with the cost of prescription drugs. Individuals will be able to enroll in a Medicare approved prescription drug discount program beginning in spring of 2004.

The regulation outlining the new drug discount card program is the first action resulting from the Medicare Prescription Drug, Improvement and Modernization Act of 2003, signed by President Bush just two days earlier. The speed of this regulatory action is unprecedented, and points to the importance of eliminating the practice of Medicare beneficiaries having to pay full price for prescription drugs.

The historic legislation constituted the most significant additions to the program since it was created in 1965. While the drug discount benefit will be available next spring, the more significant provision of the law creating new Medicare drug coverage available to all Medicare beneficiaries will take effect in 2006.

“We are excited that President Bush’s goal of modernizing Medicare and providing a drug benefit has finally been met,” said Secretary Thompson. “We will work vigorously to create the structure for the new drug benefit that will be available in 2006 to all beneficiaries. In the meantime, millions of older and disabled Americans will benefit from the drug discount card that will be available next spring. These Americans have been paying full price for their drugs for too long. The drug discount card will help them lower those costs until the more comprehensive Medicare drug benefit comes into effect in two years.”

Seniors and individuals with disabilities will be able to use these cards to garner savings of about 10 to 15 percent on their total drug costs, with savings of up to 25 percent or more on individual prescriptions. All Medicare beneficiaries, except those who already have Medicaid outpatient drug coverage, will be able to enroll in Medicare approved drug discount card programs, with benefits beginning in June, and may continue until the Medicare prescription drug benefit is implemented in 2006.

A key part of the Medicare-approved prescription drug discount card program is a subsidy of up to \$600 a year for eligible low-income beneficiaries. Individuals whose income is less than \$12,124 each year or married couples whose income is less than \$16,363 may qualify for this special help. In addition,

Medicare will cover the cost of the enrollment fee for these low-income cardholders. The Medicare-approved prescription drug discount card will be administered by the Centers for Medicare & Medicaid Services (CMS), the HHS agency that runs both programs.

Medicare beneficiaries will have a choice of at least two Medicare-approved cards, but be allowed to enroll in only one drug card program at a time. The cost of enrollment can be no more than \$30 annually. Beneficiaries can change cards during an open enrollment period prior to 2005 or under special circumstances. Beginning in 2006, all people with Medicare will have access to a voluntary prescription drug benefit.

Beneficiaries will be able to get information about how the discount drug card program operates, who can qualify and how to join, as well as some comparative information on card sponsors in the spring at www.medicare.gov and 1-800 MEDICARE (1-800-633-4227) TTY/TDD: 1-877-486-2048.

At www.medicare.gov, beneficiaries will find a price comparison Web site that can help them compare negotiated prices, fees, and other card program features from card to card. The negotiated prices displayed will be a drug's maximum price for an approved sponsor's service area. Actual prices may vary, but will not be more than the posted prices. Customer service representatives at 1-800-MEDICARE will be able to help answer questions about the program, walk-through the price comparison Web site, log calls, and refer to appropriate sponsor or other resources (such as, make appropriate referrals for eligibility determination or to their State Pharmacy Assistance Program).

"We take the use of the Medicare name very seriously and we will approve only reputable plans that will provide significant discounts to our nation's seniors and individuals with disabilities," said Tom Scully, CMS Administrator. "It not only offers opportunities for lower prices for all seniors, but also gives immediate help for low-income seniors and people with disabilities, giving them \$600 to pay for their prescription drugs."

Medicare will contract with private companies to offer the new discount cards. Any non-governmental organization that meets all of the qualifications can receive a Medicare endorsement. Organizations will need to complete a detailed application concerning their qualifications and the design of their proposed drug discount card program. CMS will ask for applications several days following the publication of the interim final rule. This posting will be found at www.cms.hhs.gov/discountdrugs. A separate solicitation will be posted for certain Medicare managed care contractors on this site, as well as on the health plans pages at www.cms.hhs.gov/healthplans. CMS will sponsor a pre-application conference December 18-19, 2003 for all interested parties. The conference will outline the drug discount card program's application requirements.

The regulation requires drug card sponsors to pass through savings in the form of price concessions to beneficiaries and publish the prices for the prescription drugs their cards will cover. Medicare will also provide card sponsor program information so that beneficiaries can choose the

discount card program that best meets their individual needs. It is expected that the Medicare-approved discount drug cards will be available through a variety of sources, including pharmaceutical benefit managers, insurers, retail pharmacies, and Medicare+Choice plans. To be Medicare approved, a drug discount card program must include an extensive retail pharmacy network; no mail-order only programs will be allowed. Information about the participation process for interested organizations is available at www.cms.gov

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